THE MAGNITUDE AND TRENDS OF YOUTH UNEMPLOYMENT WITHIN THE REGION: HOW CROATIA IS RANKED?

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1. INTRODUCTION

In the 2003, Croatian government started to prepare and negotiate National employment action plan, which was adopted in the second half of 2004. One part of this plan is devoted to youth unemployment problem. Youth unemployment is sharing characteristics of overall unemployment in Croatia but has specific position and needs. The aim of this paper is to feel the gap in systematic and detailed analyses on youth unemployment and youth employment policies.

The problem of youth unemployment is one of the most challenging problems of EU countries. Many academic researches (O'Higgins, 2003; Caroleo, Pastore, 2002) addressed the importance of youth unemployment as well as EU administration is providing guidelines for decreasing the youth unemployment and easier transition from education to work place. Across all EU countries young people confront many of the same labour market problems like adults but they are more sensitive to changes in economic conditions. The rates of unemployment among young people tend to be higher than those among the adult population. This tendency is significant for most EU countries were the youth unemployment rates are two to three times higher than adult rates.

Croatia has highest rate of youth unemployment in comparison with former transition countries and is ranked at first top positions together with Bulgaria, Slovenia and Poland. Consequences of high youth unemployment and lack of employment opportunities for young people lead to low-productivity activities, social exclusion and poverty. In the past ten years youth unemployment in Croatia has been falling actually and relatively to adult unemployment. There are a few possible reasons for explanation why youth unemployment rate has been falling. One is exit from political isolation and economic recovery after 2000, together with active labour market policy targeting young people. The other contributing factor is the size of youth cohort, which is also decreasing and consequently reducing the number of people entering the workforce. Regardless of mentioned factors, the youth

unemployment rate is double in comparison with the EU average. In terms of gender youth unemployment in Croatia is following the EU average pattern. However, young people have better ratio of unemployment exit to employment within first year of unemployment in comparison with adults. Although reallocation of young people is higher than for adults it is possible to find ways to improve this frequency. One is educational policy and another is labour market flexibility. There is no yet evidence in academic literatures which way is more efficient.

The purpose of this research is to answer the following questions: (1) what is the nature and scale of involvement of young people in the labour market and what are trends and the magnitude of youth unemployment in the region and how is Croatia placed? (2) What is the size of the problem, which indicators are available for understanding the situation and what are the underlining causes? (3) What has been the impact of labour market policy on youth employment and in particular measures directed towards reducing youth unemployment? (4) What are the wider issues affecting the employment of young people? (5) What we can point out as main obstacles for decreasing youth unemployment and is increases in the youth employment rate a valid policy objective?

The paper is organized in five sections. After the first introduction chapter, second section presents economic activity amongst young people in Croatia and the comparison with EU and region countries. The third section analyses youth employment pattern and forth is focused on youth employment policy. Final section brings conclusions and recommendations remarks.

2. ECONOMIC ACTIVITY AMONGST YOUNG PEOPLE

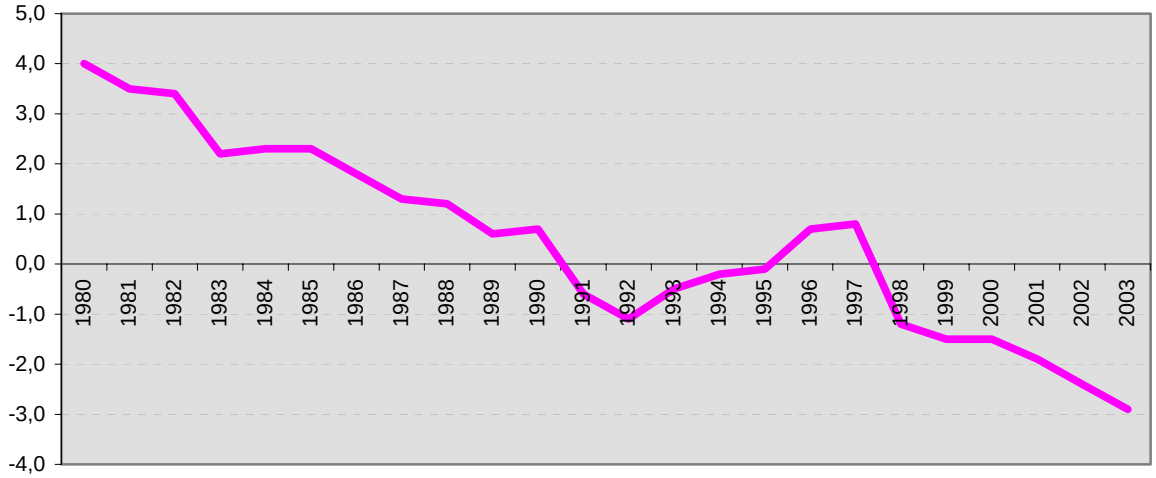
In this chapter we are analysing the problem and characteristics of youth cohort and youth unemployment in Croatia. The aim of this section is to provide description of demographic trends and to define the size of youth unemployment in Croatia as well to compare Croatian data with countries in the region including EU countries.

2.1. Demographic trends

Natural increase of population in Croatia (Figure 1) is constantly negative from 1998. Without going into the roots of reasons that caused negative natural increase, we can conclude that this fact has direct consequences on decreasing the number of young people. Negative

trends of natural increase of youth population indicate that most probably in near future young cohort will not be increased in terms of their number and natural increase can not bring additional pressure on the job market.

Figure 1. Natural increase (per 1000 inhabitants) in Croatia between 1980 and 2003



Source: Statistical Yearbook, Central Bureau of Statistics, Zagreb, 2004

The real number of youth population (between 15-24 years) in 2003 was 563000 persons what represents 13,3% of total population (Appendix table 1).

Among the cohort of young people in working age in Croatia 38% of them are active and 62% are inactive. From those who are active 64 % are employed and the rest are unemployed and the real number is 77000 persons (Table 1). Inactive young persons are involved in education system or in military service or do not actively seeking the job. Those who are not actively seeking the job most likely are earning money in the grey economy.

Table 1. Young population in Croatia by economic activity between 1996 and 2003

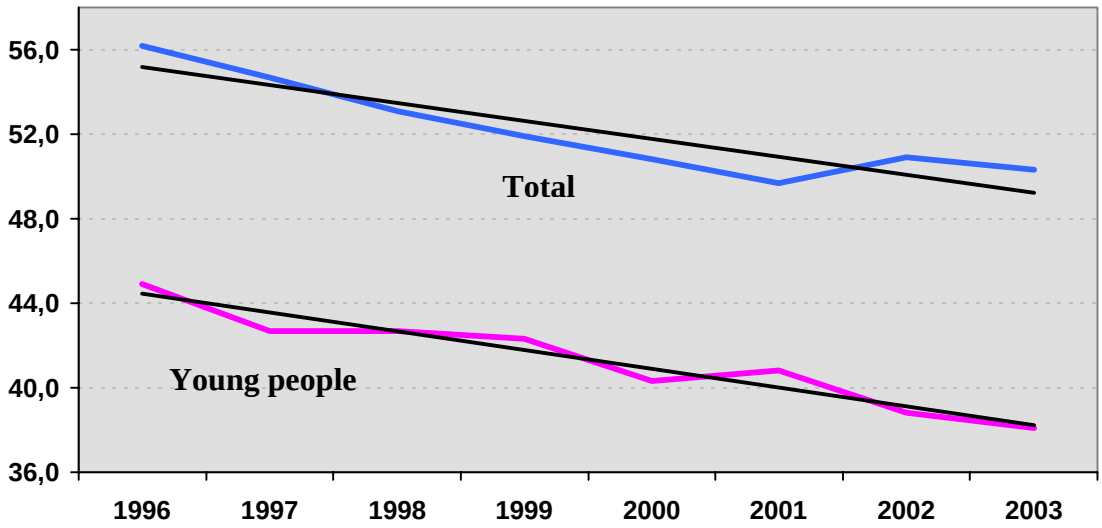
Thousands

		1996	1997	1998	1999	2000	2001	2002	2003
Working age population (15+)		498	542	558	561	605	559	559	563
Labour force		223	232	246	243	242	234	223	216
	Persons in employment	164	166	170	148	138	136	146	139
	Unemployed persons	60	66	76	95	105	98	77	77
Inactive population		275	311	312	318	362	325	336	346

Source: Labour Force Survey Results Croatia 2003, Statistical Reports, and Central Bureau of Statistics, Zagreb, 2004

Economic activity trend of young people and its comparison with whole working force show same decreasing trend, but the path in some years has been different (Figure 2). Such the case was present from 2001 to 2002 when youth activity felt and the work force activity has been increased. After the 2001 the gap between two activity trends is expending. If the activity rate of young people is decreasing it is not necessarily negative because one possible reason could occur such is returning to education system. It is possible to assume also warning reasons such are leaving into informal economy or leaving the country.

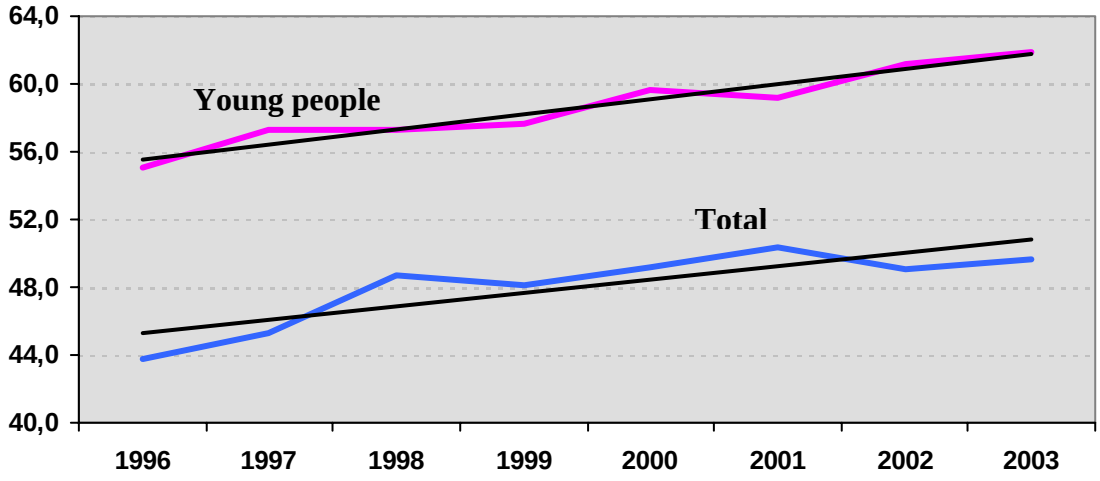
Figure 2. Activity rates in Croatia between 1996 and 2003



Source: Labour Force Survey Results Croatia 2003, Statistical Reports, and Central Bureau of Statistics, Zagreb, 2004

Inactivity of young people is showing increasing trend in the period of last eight years (Figure 3). It is possible to number different causes for increasing trend of inactivity such are: increasing number of persons involved in education system, increasing number of transfers to grey economy or increasing number of young people who are not actively seeking the job. Young people who are in military service most probably are not causing changes in inactivity flows because the number is constrained by the gender and necessary conditions for military service are not changing often. In fact Croatia recently offered opportunity to fulfil military service through some kind of civil public service. Thus the number of male for military service is decreasing by the negative natural rate and part of them is temporary leaving employment status for serving military as civil servants in the public service. Unfortunately we are missing data on the number of young inactive persons who are in the military service due to not available statistics in the Croatian Central Bureau of Statistics. However it is available data on young people who are involved in education system (Appendix table 2) and their number were 201000 in the 2003. This means that the rest of 145000 young persons are either in military service or not actively seeking the job.

Figure 3. Inactive population (15+) in Croatia between 1996 and 2003



Source: Labour Force Survey Results Croatia 2003, Statistical Reports, Central Bureau of Statistics, Zagreb, 2004, p.26-27

Major part of inactive young cohort is in education process from secondary schools to higher education schools. Education enrolment according to the age show very high participation in the secondary school, and relatively law participation in higher education.

Females who are entering in higher education have better results in finishing it in comparison with male.

2.2. Levels and trends in economic participation rates for groups of young people

According to the definition of ILO, active population or work force includes all persons working or looking for a job as a means of earning for a living. Employed persons are all those working and receiving payment in cash or in kind, unemployed persons are all those that are not working, but are actively seeking job, while inactive persons are those under 15 years of age[1] and persons belonging to active population but are not employed or unemployed. According to these definitions, economic activity of population in Croatia in 2003 was as shown in table 2. Labour force participation of young people was 38,1 % in average (LFS data). In terms of gender male participation was 42,1% and female participation was 34%.

Table 2. Basic characteristics of economic participation rate of the young people in Croatia between 2001 and 2003

	2001 (average)	2002 (average)	2003 (average)
Labour force participation	40,8	38,8	38,1
Employment rates	23,9	25,0	24,5
Unemployment rates	41,5	35,5	35,9

Source: Labour Force Survey Results Croatia 2001-2003 Statistical Reports, Central Bureau of Statistics, Zagreb

Employment rates in the period of 2001-2003 are floating around 24%. In the same time unemployment rates are falling from 41% to 35%. The difference in LFS data is significant and further research should be done to investigate where young people disappeared if the employment rate is not simultaneously increasing. It is possible to assume that young people returned to the education system, but could also join grey economy or discouraged and is not actively seeking the job anymore or, in the worst possible reason, left the country. From the table 3 we can observe modest increasing rate of full time students in average 3,5% annually. In real numbers this is about increase of 2800 in average per year. Part-time students represent labour force and their stronger growth is not affecting inactivity rate.

[1] We have been extracting this part of population under the age of 15 years for the purpose of more precise calculation.

Table 3. Students enrolled in the institutions of higher education

	Students enrolled				
	Total	**Full –time students**		**Part –time students**	
1999/2000	96 798	77 690	80,3%	19108	19,7%
2000/2001	100 297	79 802	79,6%	20495	20,4%
2001/2002	107 911	83 083	77,0%	24828	23,0%
2002/2003	116 434	86 582	74,4%	29852	25,6%
2003/2004	120 822	88 991	73,7%	31831	26,3%

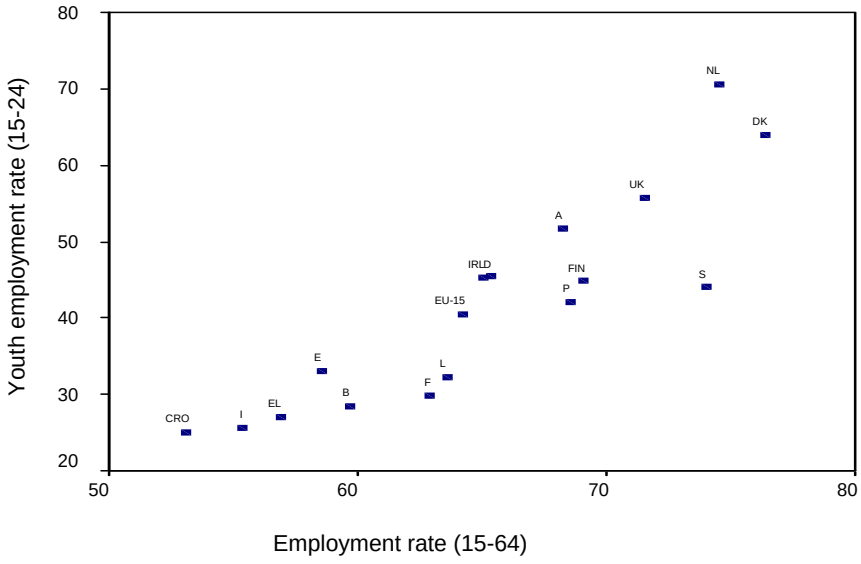
Source: Statistical Yearbook, Central Bureau of Statistics, Zagreb, 2004

We can most probably assume that the raise of inactivity rate of young people has been derived from causes such as leaving the formal sector and/or not actively seeking the job.

2.3. Employment rates and trends among young people

Croatia has lower youth employment rate (25% in 2002) in comparison with average of EU countries (41%) and most of them individually (Figure 4). Youth employment in Croatia according to the size and gender has most similarities to Greece (27%), Italy (26%) and Belgium (29%) within the countries of EU.

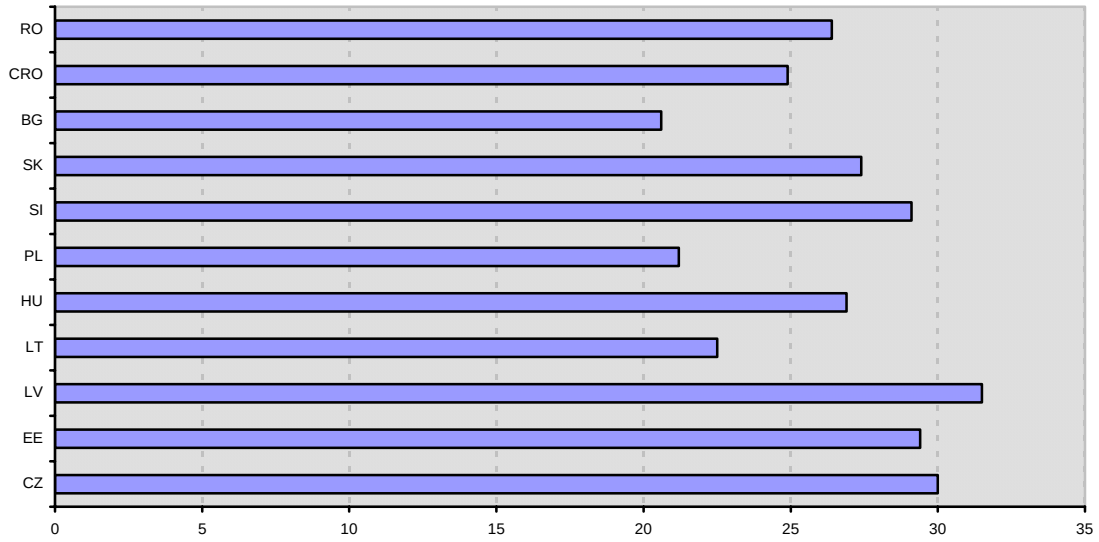
Figure 4. Total and youth employment rates in EU countries and Croatia (2002)



Source: Labour Force Survey Results Croatia 2003, Statistical Reports, and Central Bureau of Statistics, Zagreb, 2004

Within former transition countries Croatia with employment rate of 24% in 2003 has higher rate only in comparison with Bulgaria (21%), Poland (21%) and Lithuania (23%) as showed in Figure 5. New member states are struggling around the employment rate of 30%. In comparison with new accession countries Croatia has better position only in comparison with Bulgaria but lower position than Romania.

Figure 5. Youth employment rates in some transition countries (2003)



Source: EUROSTAT

Youth employment rates (as showed in table 2) are floating modestly around 24,4% in the period from 2001 to 2003. Those young people who are employed according to education are in favour of young people with higher education level (Appendix table 3).

Educational pattern in favour of young people with higher education level in Croatia is following common structure in EU.[2]

2.4. Size and nature of youth unemployment in Croatia

Usual indicators for the size of youth unemployment are: youth unemployment rate (Table 4), share of youth in total unemployment (Figure 6) and ratio of youth to adult unemployment rate (Table 5). The share of youth unemployment in long-term unemployment (Table 6) and the share of youth unemployment with no work experience describe the nature of youth unemployment. Although those indicators can show to some extent the size and nature of youth unemployment they cannot provide information about the size of discouragement and underemployment of young people. For Croatia there are limited statistical data on youth unemployment described in following tables and figures.

[2] [2] Labour Force Survey Results, Croatia 2002-Europe 2002, CES, Zagreb, 2003, p.40-41.

Table 4. Total and youth unemployment rates in Croatia (2000 – 2003), ILO data

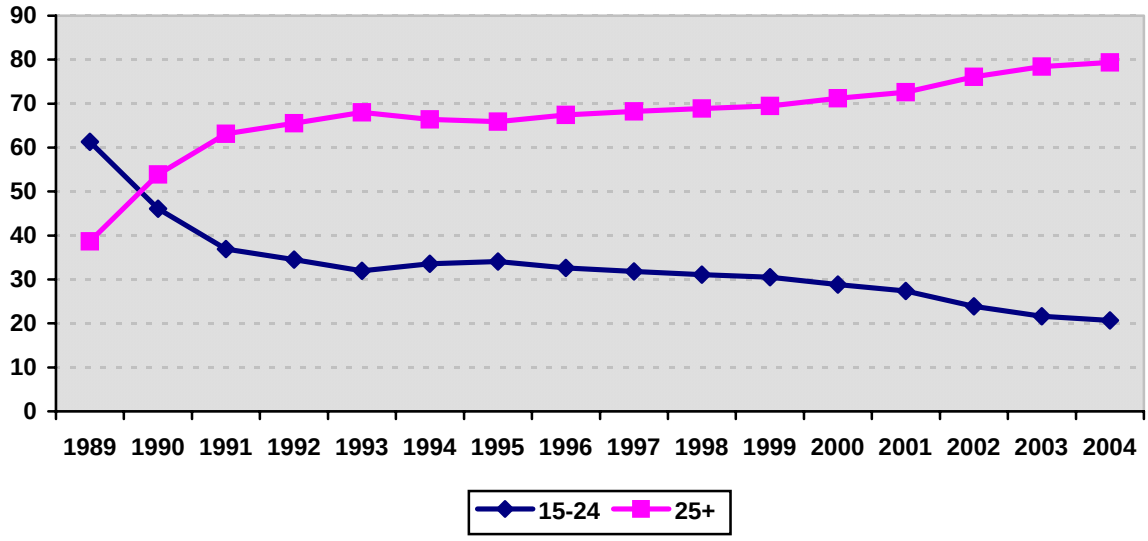
	2000	2001	2002	2003
Total unemployment rate (15 – 64)	16,5	16,3	15,5	14,7
Youth unemployment rate (15 – 24)	38,35	41,45	35,50	35,85

Source: Labour Force Survey Result Croatia 2000 - 2003, Statistical Reports, Central Bureau of Statistics, Zagreb, 2000 -2003

In the period of 2000-2003 youth unemployment rates in Croatia is recently decreasing and is settled around of 35,8% according to ILO statistics (Table 4).

Youth unemployment share in total number of unemployed persons is also decreasing from 20% in 2000 to 21% in 2004. Unemployment shares according to the age group (Figure 6) show the trend and difference between young and adult population. Ratio of youth to adult unemployment is decreasing from 44% in 1999 on 32% in 2002 and 28% in 2004.

Figure 6. Youth and adult unemployment shares in total unemployment between 1989 and 2004 (administrative data)



Source: Croatian Employment Service

Table 5. Ratio of youth to adult unemployment 1999-2004

	Youth unemployment (15-24 years of age)	Adult unemployment (25-59 years of age)	Ratio of youth to adult unemployment
1999	104.048	234.889	44,29
2000	108.949	265.914	40,97
2001	108.376	282.136	38,41
2002	87.419	273.655	31,94
2003	68.830	244.861	28,10
2004	68008	244.595	27,80

Sources: Croatian Employment Service

On the base of three indicators (rate, share and ratio), which are describing size of youth unemployment in Croatia, it is possible to conclude that youth unemployment is still serious issues although it shows decreasing trend modestly. The ratio of youth unemployment to adult unemployment shows strong improvement in the period last six years and it is almost on the half level at the end of 2004 in comparison with basic year of 1999.

Long duration of unemployment has more intensive effects on adult unemployment. Nevertheless, young generations are also facing this problem but usually on the lower level. In fact, long-term unemployment in youth unemployment was 31% in 2004 and long-term adult unemployment was 62% in the same year (Table 6).

Ratio between youth and adult unemployment is decreasing along the longer duration of unemployment. Young people have obviously better chance to leave unemployment faster than adults. This is expected prevailing frictional nature of youth unemployment. For additional description of the nature of youth unemployment we need data on the share of young persons with no working experience, which is unfortunately not available.

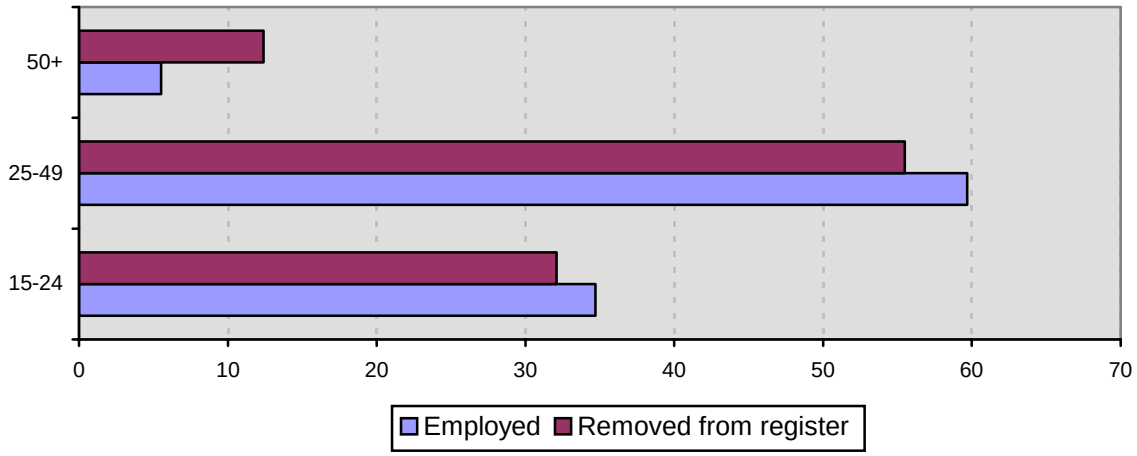
Table 6. Ratio of exit from unemployment of young people in comparison with adults in 2004

	Exit less than 3 months	Exit after 3-6 months	Exit after 6-9 months	Exit after 9-12 months	Exit after 1-2 years	Exit after 2-8+ years	Total
15-24 years of age	20.983	17.138	5.092	3.992	10.173	10.630	68.008
	30,86	25,20	7,49	5,87	14,95	15,63	100 %
25- 59 years of age	39.085	24.126	14.018	15.958	38.102	113.306	244.595
	15,98	9,87	5,73	6,52	15,58	46,32	100%
Ratio %	53,68	71,03	36,32	25,01	26,69	9,38	27,80

Source: Croatian Employment Service

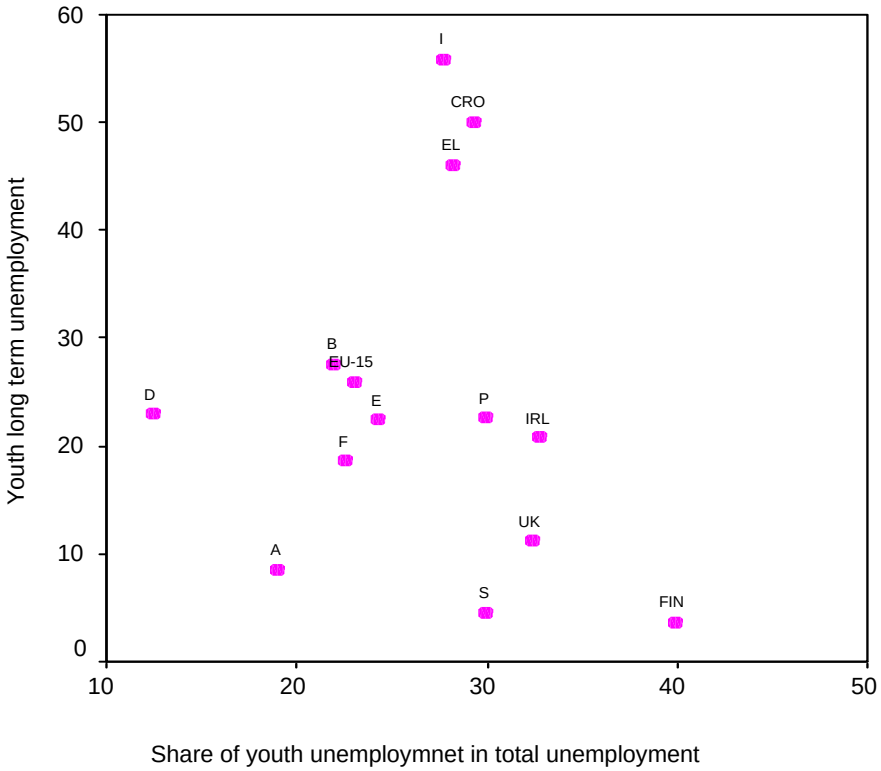
Young people exit unemployment more quickly than adults within first year of unemployment and is especially lowering after the second year. The share of youth in long-term unemployment is therefore relatively low. For those under 25 years of age, both the entrance and exit from the job market are more frequent, which means that reallocation of young persons is higher. The Figure 7 shows the magnitude of exit from unemployment on the base of two reasons: one is exit to employment and the other is removal from the register. Those who are removed from the register are entering into the inactive group.

Figure 7. Exit from unemployment according to age and reasons in 2003 (%)



Source: Croatian Employment Service

Figure 8. Share of youth unemployment in total unemployment and long-term unemployment in EU countries and Croatia, 2002.



Source: Labour Force Survey Results Croatia 2002, Statistical Reports, and Central Bureau of Statistics, Zagreb, 2003, p. 138-139

If we compare Croatia with other European countries on the base of long-term youth unemployment and the share of youth unemployment in total unemployment we can notice that Italy, Croatia and Greece have very similar results (Figure 8)[3]. Surprisingly Croatia had better results in comparison with Italy although all three mentioned countries are far away from EU average.

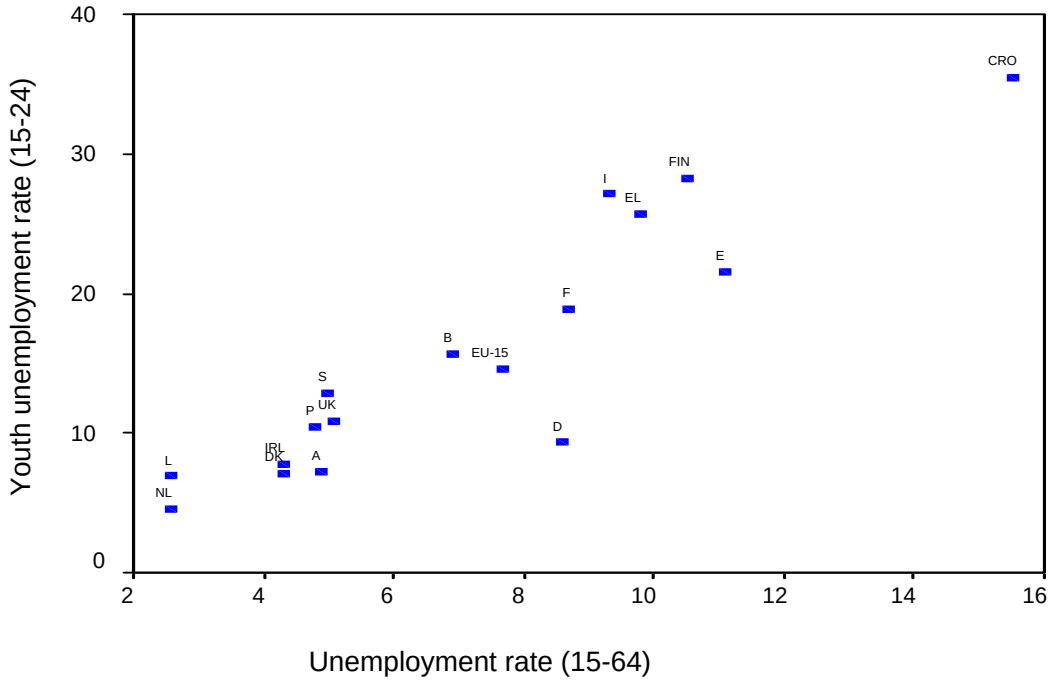
2.5. Trends and magnitude of youth unemployment in the region

In comparison with EU countries Croatia has the highest rate of youth unemployment (Figure 9) and is more than double (35,5%) in comparison with EU average (14,6%). Croatia has higher female unemployment rate, as in all Mediterranean countries, but the difference in Croatia is not expressed so forcefully. In comparison with former transition countries, Croatia still has one of the highest youth unemployment rates together with Poland (41,8%) and

[3] Unfortunately the figure 8 brings data of comparison for the 2002 because data for 2004 is not available for this purpose.

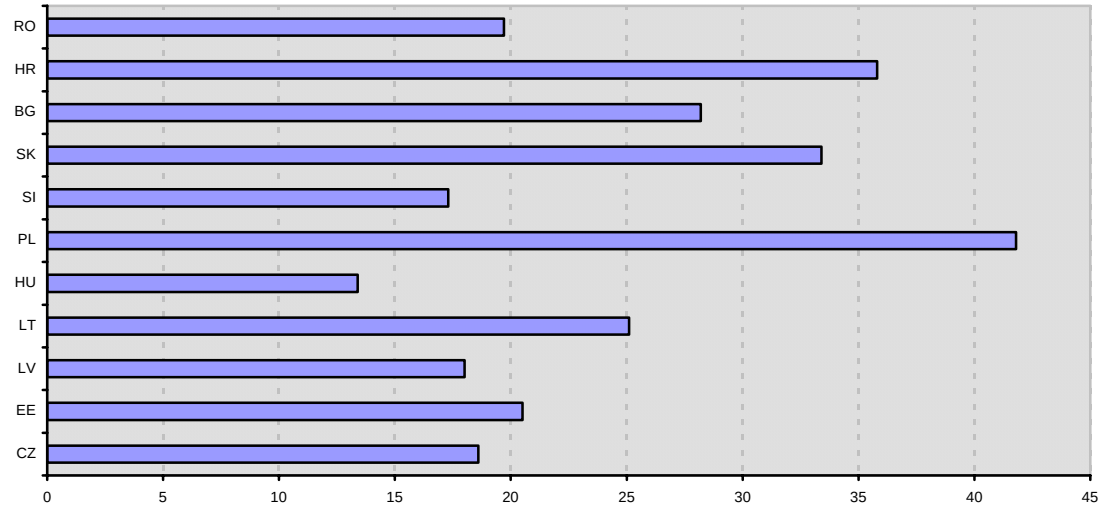
Slovakia (33,4%) as showed in Figure 10. As expected youth unemployment rates are higher generally in former transition countries than in the EU.

Figure 9. Total and youth unemployment rates in EU countries and Croatia (2002)



Source: Labour Force Survey Results Croatia 2002, Statistical Reports, and Central Bureau of Statistics, Zagreb, 2003

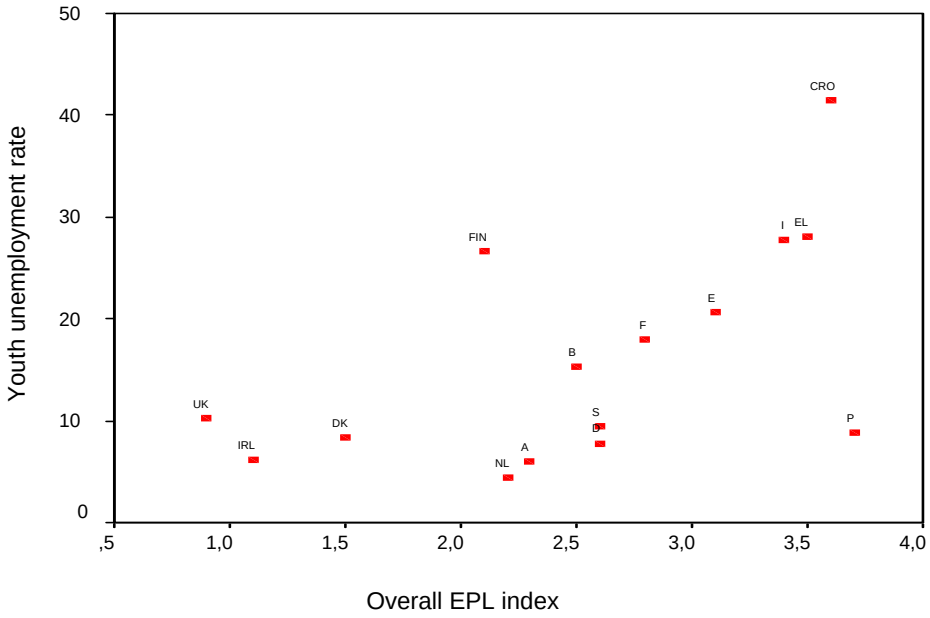
Figure 10. Youth unemployment rates in former transition countries (2003)



Source: EUROSTAT

Young females generally have a higher rate of unemployment than young males - a common trend in mostly Mediterranean EU countries. Young unemployed women have only primary or secondary education. Young unemployed men belong to the group of the lowest-level education.[4]

Figure 11. Overall EPL strictness and youth unemployment rates in EU countries and Croatia (2001)



Source: Matković and Biondić (2003); Labour Force Survey Results Croatia 2001, Statistical Reports, Central Bureau of Statistics, Zagreb, 2002

Croatia as compared to EU countries on the base of EPL index and youth unemployment rates is ranked on extreme right upper position, what means that Croatia has rigid labour market (at least it was the situation in 2001) and very high youth unemployment rate (Figure 11). In spite of the rigid labour market, estimated by EPL index, Italy, Greece and Portugal at most have been able to keep lower levels of youth unemployment.

2. 7. Key issues

Research results in the second section are providing general overview on economic activity of young people in Croatia. Croatia has little bit more than half of million young people (age 15-24), what is around 13% of whole population, and this number is decreasing due to negative natural increase. In the cohort of young people labour force, which enhances around 200 thousand persons, 38% is active and the rest is inactive.

[4] Labour Force Survey Results, Croatia 2001-Europe 2001, CES, Zagreb, 2002.

Activity rates are low and steadily falling in the period of last eight years and inactivity rates are steadily increasing, respectively. Economic participation rates are floating around 24% in employment and decreasing from 41% to 35% in unemployment in last three years.

In comparison with EU (old) countries youth employment rate is similar to Italy (26%), Greece (27%) and Belgium (29%), but it is seriously lower than EU average (41%). In comparison with EU (new) comers and new accession countries Croatian youth employment rate is higher only than Bulgaria, Poland and Lithuania. Croatian educational pattern of employment is in favour of young people with higher education level and is following common structure in EU countries.

Youth unemployment rates are recently decreasing as well as ratio of youth and adult unemployment. In comparison with EU (old) countries Croatia has the highest rate of youth unemployment, which is double than EU average (15,0%). In comparison with EU (new) comers and new accession countries Croatia has second highest position after Poland. Long-term unemployment is also present among young population but on the lower level than among adults. Nevertheless, in comparison with EU (old) countries Croatia has better results than Italy but all three, together with Greece, are far away from EU average.

It is possible to assume that those who left activity and if the reason was not return to education, most probably are leaving formal sector and entering to informal sector. In the case of public data for military service it will be possible estimate rather precisely the number of persons who are not actively seeking the job and thus most likely are belonging to unofficial economy.

3. THE LABOUR MARKET AND YOUNG PEOPLE

3.1. Overall changes in the labour market and structure of employment in Croatia

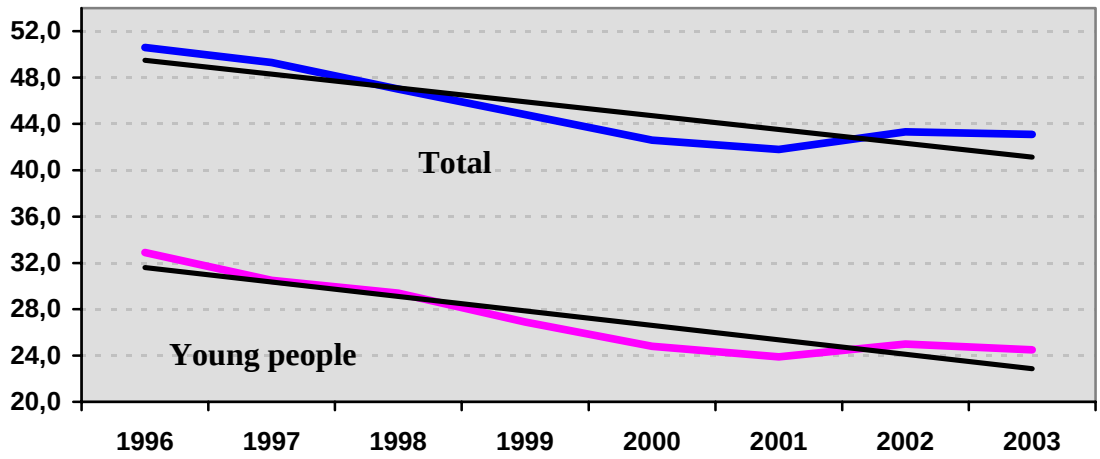
Croatian labour market has faced turbulent period of transition along with war circumstances trying hardly to recover dynamics of whole economy. After the war Croatia suffered unofficial economic and political isolation till the end of nineties as Croatian policy makers were often in conflicts according to international standards. After substantial economic decline in 1991-93 when GDP declined by 22, 12 and 8 percent respectively, a

period of sustained economic growth began with GDP increasing by 5.9 percent in 1994, 6.8 percent in 1995, 5.9 percent in 1996 and 6.8 percent in 1997 according to Croatian National Bank statistics (www.hnb.hr). In the 1998 growth of GDP reached only 2.5 percent becoming negative in the year after. In the 2000 with a new government Croatia exhibited small (2,9), but positive growth rate and in the years ahead improved the rate at 4,4 percent in 2001, 5,2 percent in 2002, and again back to 4,3 percent in 2003. Mihaljek (2004:29) has argued that macroeconomic performance in years after 2000 points to several signs of healthier growth, specifically in the structure of domestic demand.

Nevertheless strong defensive restructuring of firms in 90s and delay of strategic restructuring on new market conditions and foreign competitiveness in Croatia dictated and kept back high rates of unemployment (Domadenik and Vehovec, 2003). Unemployment in Croatia has not only high rates of unemployment but also is characterised by an average long period of waiting for employment with more than half waiting over a year for a job. Rutkowski (2003: Table 7,8) finds evidence of slow job flows in job creation and job destruction. Job turnover in Croatia has significantly one of the lowest rates in comparison with other transition economies. Croatian job turnover is 8.4 in comparison with Bulgaria 17.6, Lithuania 20.4 and Poland 15.4. He concludes that Croatian labour market has stagnant nature and this is only partially the consequence of rigid labour legislation, which Croatia witnessed up till 2003, when a new labour code was launched in the parliament. The change in the labour code was substantial and Croatia made visible progress in terms of EPL (Employment Protection Labour) index which was reduced from 3,58 to 2,76 points what is about little bit more in comparison with EU average (Matkovic and Biondic, 2003: 520).

Croatia has also low job reallocation rates because of lower level of firm restructuring in comparison with other transition countries. Average tenure in Croatia is amongst the longest in transition countries approved by Casez and Nesporova, 2001; Rutkowski, 2003; and Sosic, 2004. However some sectors within economy are more dynamic than others. New private sector represents the most dynamic part within business sector in Croatia (Rutkowski, 2003: Table 6) although less dynamic than in other transition countries. Sosic (2004: Table 6) found that new private sector was leader in job turnover with 30,8% and Croatia with 16% of job turnover is not particularly lower in comparison with other transition countries. Anyway, new private sector "seems to carry the bulk of the adjustment, while adjustment in privatised as well as state-owned enterprises remains modest" (Sosic, 2004).

Figure 12. Employment rates in Croatia between 1996 and 2003



Source: Labour Force Survey Results Croatia 2003, Statistical Reports, Central Bureau of Statistics, Zagreb, 2004

Youth employment rates are fallowing the decreasing trend of total employment rates in the last decade. There are some modest signs of recovery after the 2001 (Figure 12), but rates are still largely legging behind the EU average. However in terms of gender (Appendix figure 1) and educational structure (Appendix figure 2) youth employment is following the pattern of most developed countries within EU, although in terms of education is lagging behind in age groups over 24 years old people. In comparison with countries, new comers in EU and those in accession to EU, Croatia is facing with one of lowest youth employment rate (Figure 5).

3.1.1. Labour market flows of young people

High unemployment rates among youth adults (20-24) and among prime age adults (25-29) are followed by higher incidence of unemployment (Appendix Table 4). Dynamics of young people in entries and exiting from unemployment is obviously higher than for adults. After the fifties dynamics is not actually existing any more. Exits from unemployment according to reasons from administrative data distinguish removal from unemployment to employment or removal because of "other reasons" (Appendix table 5). In real numbers there were 45228 young persons removed because of employment reasons. Other reasons than employment encompasses military service, education, not actively approaching to CES register and other less important technical rules. In real numbers we are facing with the flow from registered unemployment to inactivity of 37953 young persons in 2003. If extracting

those who left for the military service (4698) and for education (631) we are coming to the group of around 32624 inactive young people for which we can easily say that they are actually and/or potentially presenting informal sector of youth population.

For the group of young people who are removed from the register, because of the employment reasons, it is only the question how quickly they are removed or how long they had to wait to this successful step? In terms of duration flows from unemployment to employment (Appendix table 6) show that young people have a lower average duration of unemployment then other people. Labour market absorption capacity for young people is stronger especially for young adults and prime age adults those who are longer studying programs in higher education. The major flow happens in the first six month of unemployment.

Flows from unemployment to inactivity again have stronger dynamics of young people including the group of prime adult age from 25-29 (Appendix table 7). These flows are corresponding to group of young people who are removed from register for other reasons than is the employment. The part of inactive young people who are not involved in education or military service or belong to higher income families, belong to marginal strata of society, or are very closely related to unofficial economy. One estimation from 1995 (Crnkovic-Pozaic, 1997) based on LFS statistics says that 25,79 per cent of total employment was in the unofficial economy. Among these categories, 6,23 per cent of the population surveyed was engaged in additional business activities, 10,23 per cent were unpaid family workers, 2,3 per cent were own-account workers and 7,2 per cent were housewives, students and retired persons. Among persons working in the unofficial economy, the most numerous were unpaid family workers, than owners of companies, crafts and similar professions. Workers employed in state-owned and mixed- owned sector have been ore involved in unofficial economy than those employed in the private sector. Unfortunately we do not have estimation for the age group of young people being involved in unofficial economy. However we do know that their approximate number can be estimate around the number of 32624 inactive young persons who potentially incline to unofficial economy.

If we look to opposite direction why somebody stopped to work and what reasons are causing flows from employment to unemployment interesting data from LFS statistics are presented in the table 7.

Table 7: Reasons for stopping employment status **%**

	Teenagers (15 – 19)	Young adult (20 – 24)	Adults (25+)
Retirement	0	0	31,1
Early retirement	0	0	36,8
Own illness	0	1,4	3,8
Personal or family related reasons	9,5	4,9	5,3
End of temporary contract	28,6	35,0	4,1
Less amount of work	0	8,4	1,9
You were fired (were declared a surplus labour, reduction of the labour force, etc.)	9,5	9,8	7,4
Did not want to work any more	0	5,6	1,0
The firm went bankrupt	0	2,1	3,0
The firm closed down	0	2,8	2,2
It was a seasonal job	19,0	18,9	1,6
Attended further training, school	33,3	6,3	0,1
Doing a regular military duty or mobilised	0	3,5	0,2
Something else	0	1,4	1,7

* Cross tabs method; Pearson Chi-Square=, 000
Source: LFS, 2003 (1st half-year)

For teenager group main reasons for stopping to work was the entrance in education system or temporary contracts and seasonal jobs. For young adults on the first place was temporary contract and on the second place seasonal job. For this elder group less influential reasons were firing or entering into education system. Thus the yob type or the job contract for both groups is the common and influential reason for the flow incidence.

3.1.2. Youth employment by the job type

Administrative data distinguish part time employment and seasonal employment, which actually belong to temporary employment type job (Appendix table 8). Part-time employment is not developed in any age group and particularly not for young people. They are giving preferences or employers are offering opportunities for temporary or season type job.

From LFS statistics (Table 8) we can notice that according to the job type there is a significant difference among teenagers, young adults and adults. Young adults mostly have

permanent jobs but in smaller percentage than adults. Teenagers are those that have highest percentage of temporary, occasional and seasonal jobs, as expected. From both statistics it seems that temporary type job is the second best choice option for youth employment.

Table 8. Do you have a permanent, temporary, seasonal or occasional job?

%

	Teenagers (15 – 19)	Young adult (20 – 24)	Adults (25+)
Permanent	44,6	63,3	90,5
Temporary	33,9	29,2	7,6
Seasonal	7,1	2,7	0,9
Occasional	14,3	4,8	1,0

* Crosstabs method; Pearson Chi-Square= ,000

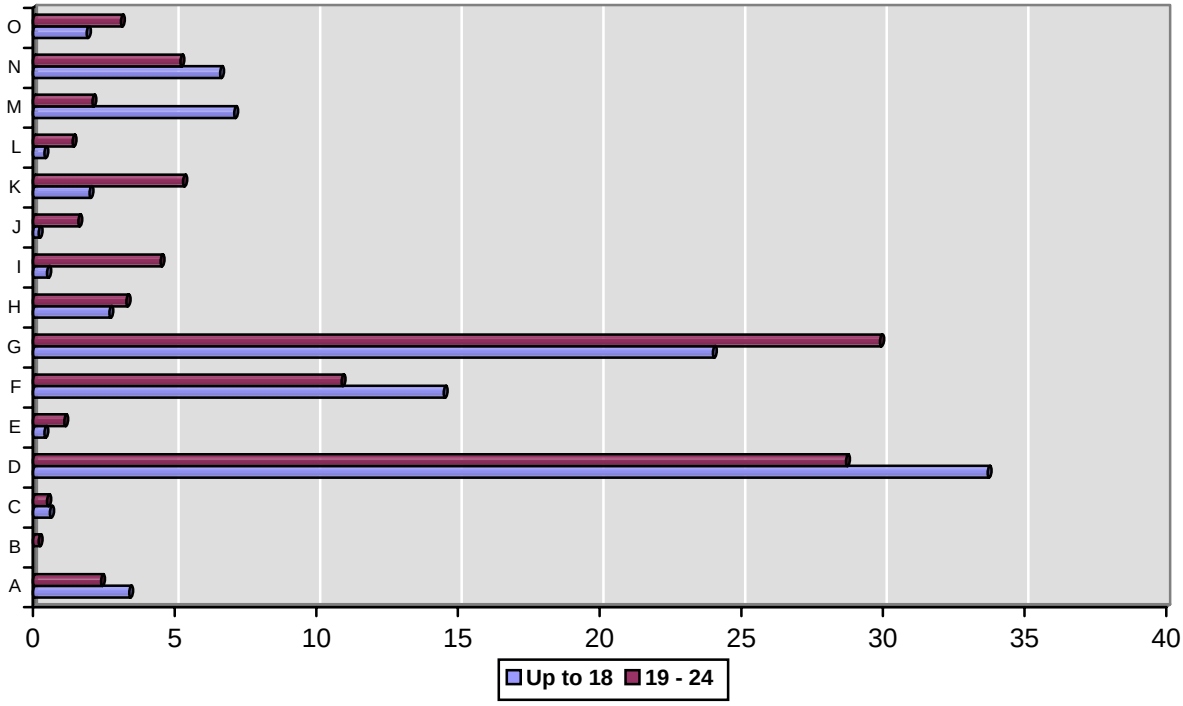
Source: LFS, 2003 (1st half-year)

Comparing Croatia with countries in EU (Appendix figure 3 and 4) it is easily to notice that the culture of part-time jobs has not been yet developed. Croatia is neglecting the culture of part time jobs and it could be compared with Greece, Portugal, Lithia and Austria, but is far away from the part time job culture in Netherlands, Danish, Sweden or UK. Instead of part-time jobs Croatia is absolutely exaggerating in using temporary type job employment in comparison with EU countries. Employment absorption capacity is also (among other relevant reasons) depending on all job types and should be logically higher for those countries that are developing all possible types.

3.1.3 Youth employment according to occupations and industries

Young people in both groups (teenagers and young adults) majority of jobs could find in manufacturing and trade industry with construction as a third propulsive industry (Figure 13). Teenagers are in better position in manufacturing and construction industry, but for participation in all other industry they need to fulfil higher education levels.

Figure 13. Employed young persons in legal entities by NCEA in Croatia, 2003



Source: Statistical Yearbook, Central Bureau of Statistics, Zagreb, 2004, p. 144

Industries: A – agriculture, hunting and forestry; B – fishing; C – mining and quarrying; D – manufacturing; E – electricity, gas and water supply; F – construction; G – wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; H – hotels and restaurants; I – transport, storage and communications; J – financial intermediation; K – real estate, renting and business activities; L – public administration and defence; compulsory social security; M – education; N – health and social work; O – other community, social and personal services activities.

Table 9. Unemployed persons under 30 years of age by education level (December 31st each year)

Education level	2000	Percentage share in total unemployment by education level	2002	Percentage share in total unemployment by education level
Unskilled, semi-skilled workers and primary-school level	36.399	28,4	30.529	23,5
Skilled and highly-skilled workers	66.501	50,4	52.973	43,5
Secondary-school level	50.477	54,9	44.033	49,4
Non-university level	4.265	36,3	3.967	34.2
University level	6.490	43,8	5.578	40,8
Total	164.132	43,4	137.080	37,4

Source: CES, Unemployed persons in Croatia under 30 years of age by education level, 2003

Young people with higher education, in non-university and university diploma taking together, have more difficulties to find employment than those on lower level of education. If the labour supply of higher educated young adults is in surplus there are theoretically couple of possible reasons for this situation. First one is slow or low job creation generally. Second one is low competitiveness in industry of modern technology and management innovation, which "do not need" higher educated young people. Or, in opposite, higher educated young people are not "well educated" in terms of skills and capabilities for modern industry requests as a third possibility. On the supply side it seems that education system rigidity (vertical obstacles and slow programme changes) with long-run lasting studying are main culpable factors.

Administrative data are offering the record of first ten occupations in unemployment which show that in two years unemployed occupations remain firmly on their unpleasant positions (Table 10).

Table 10. Unemployed young persons under 30 years of age according to 10 occupations with highest unemployment frequency (data on December 31st each year)

Occupation	2000.	Occupation	2002.
Workers with no occupation/Unskilled workers	24 439	Workers with no occupation/Unskilled workers	20 081
Salesman	10 538	Salesman	9 118
Commerce clerk	8 763	Commerce clerk	7 295
Secondary school general programme graduate	5 665	Secondary school general programme graduate	6 311
Chef	4 883	Chef	3 989
Waiter	4 741	Garage mechanic	3 600
Garage mechanic	4 435	Barber and hairdresser	3 501
Barber and hairdresser	3 095	Waiter	3 193
Engineering technician	2 504	Nurse	2 336
Truck driver	2 268	Tailor for women clothes	1 800

Source: CES, Unemployed persons by education background and occupation under 30 years of age, 2003.

Occupational structure of unemployed young people remains very similar in comparison between the periods of two years. It seems that in spite of certain job surplus on the job market young people do not change the structure of job supply. Absence of flexibility of jobs supply most likely is connected with low level of education system adaptability or/and vocational trainings.

On the demand side there are wide range of possible factors that prevent strategic restructuring and better industry competitiveness.[5] According to the survey analyses among 200 firms within Croatia (Marusic, 1999) it seems that employers do not have habits or the culture of investing in education and/or training of young people. In comparison with EU countries Croatia should change employer's behaviour in the field of motivation, long life learning and management developing. Conclusion from this research should be tested again because from the year of 2000 till now Croatia has been facing with more potentially positive changes within the business and in the overall economy than for the whole period of 90s.

3.1.4. The transition from education to work

There is large difference between young people and adults in ways how they approach to employer. Teenagers usually get the job in family business or through the network of friends and relatives. They are further looking to employer's offers as well as contacting Croatian Employment Service. Young adults also heavily rely on family and friends networks but besides informal networks they are using direct ways and connections. This group of young people are interesting for employers for approaching directly but unfortunately this approach is very shy and still underdeveloped. The influence of private employment agency is also statistically non significant but it can be expected in the future hat heir role will be more influential.

[5] National Council of Competitiveness, Global Competitiveness Report 2002-2003: Results for Croatia, 2004.

Table 11. Ways of getting the job or looking for jobs (2003)

%

	Teenagers (15 – 19)	Young adult (20 – 24)	Adults (25+)
You replied to a job offer	16,1	24,6	51,2
Through The Croatian Employment Service	7,1	3,0	3,9
Through a private employment agency	0	0,2	0,2
The employer contacted you personally	8,9	9,8	7,2
You placed an ad in the paper	0	0,2	0,1
You contacted the employer directly	12,5	24,4	13,5
You received a grant (scholarship) from a firm or organisation	0	1,1	1,0
The employer approached your school, university, organisation	0	0,5	0,7
With the help of acquaintances, relatives, friends	25,0	26,0	15,6
There was a need for help in the family business, craft, farm	26,8	9,6	6,0
Something else	3,6	0,5	0,5

* Crosstabs method; Pearson Chi-Square= ,000

Source: LFS, 2003 (1st half-year)

Once they get the job there is low participation in further educational or training activities (Table 12). LFS statistics in this regard is limited and for the further analyses of life long learning needs and/or absence of these activities should special field research to be conducted.

Table 12. Attendance of any other educational/training program or on the job training (the last 3 months)

%

	Teenagers (15 – 19)	Young adult (20 – 24)	Adults (25+)
YES	0	1,4	0,4
NO	100	98,6	99,6

* Crosstabs method; Pearson Chi-Square= ,000

Source: LFS, 2003 (1st half-year)

Life long learning concept is relativly new in Croatia although Croatia had been familiar with the concept of permanent education which was more top-down strategy in the planned economy. Life long lerning concept is the genuin need for additional educaton in the time of fast speed in technology changes. Government is trying to subsides employers additional education investment through some measures of active labour policy but tax relief of education investment has not been yet recognized.

3.2. Young people employability

Employability of young people through self-employment is presented in Table 13, where data for high educated young people is non available due to extremely inaccurate estimation. We can notice that between 13000 to 14000 and 11000 respectively between 2001 and 2003 young people were able to enter in self-employed category. In the second group age from 25-49 adults there is a subgroup of prime age adults of higher education level which is hidden data inside this group. As we know that average studying in Croatia is 7 years most interesting subgroup is between 24 and 29 years old young people. Therefore it is hard to conclude anything about competitiveness of young higher educated people in self-employment.

Table 13. Self-employed persons aged 15 to 59 by educational attainment level between 2001 and 2003 (2nd half-year)

'000

	2001	2002	2003
15 – 24 years	**13**	**14**	**11**
Primary school and lower	4	2	3
Secondary school	9	12	8
Higher education level	.	.	.
25 – 49 years	**152**	**150**	**162**
Primary school and lower	39	38	50
Secondary school	89	89	90
Higher education level	24	23	22
50 – 59 years	**61**	**63**	**69**
Primary school and lower	27	29	36
Secondary school	24	26	24
Higher education level	10	8	9
Total self-employed 15 – 59 years	**226**	**226**	**242**
Primary school and lower	70	68	88
Secondary school	121	127	123
Higher education level	35	31	31

Source: Labour Force Survey Results Croatia 2000 - 2003, Statistical Reports, Central Bureau of Statistics, Zagreb

Statistics for craft sector show that 4265 young people up to 25 years have been self employed (January, 2005, Chamber of Crafts) and whole sector additionally absorbed 40619 young persons.

Table 14. CES evidence according to age and agriculture industry, 2004.

	Total number of employed	Agriculture, hunting, forestry and fishing	
15 – 19	12033	566	4,70%
20 – 24	36229	1688	4,66%
25 – 29	28249	1225	4,34%
30 – 39	31543	1993	6,32%
40 – 49	22315	1939	8,69%
50 - 59	7947	850	10,70%
60+	264	42	15,91%

Source: Croatian Employment Service

Another interesting sector for young people is agriculture, hunting forestry and fishing where registration flow shows 9-10 per cent of total employment possibilities in 2004.

3.3. Key issues

Youth employment rates in Croatia are following decreasing trend of total employment rate in last decade. There is modest sign of recovery in last three years but the overall youth employment rate is largely legging behind the EU average. In terms of gender and education Croatia is following EU pattern. Therefore, the main problem of youth employment in Croatia is the rate itself which is one of the lowest in the region.

Analyses of youth unemployment to employment and unemployment to inactivity flows show that almost 38000 young persons have been removed from register because of non-employment reasons. Among them almost 86 per cent is not actively seeking job what potentially present their involvement in unofficial economy. The main reason of stopping to work for teenager group was the entrance in education or temporary job contract and for young adults the main reason was temporary job contract. In comparison with EU countries part-time job type employment is not developed as it is on the contrary temporary job type employment over exaggerated.

The most propulsive industries for youth employability are manufacturing and trade together with construction industries. Equally craft sector is another very important channel for youth employment as well as it is also self employment opportunities. From the occupation analyses we can most likely pointed that occupation unemployed structure is the

mirror of missing flexibility and adjustment of education system and missing flexibility and adjustment of job seekers themselves. Of course it should be underlining that labour demand side is the main vehicle and its stagnant nature can not contribute enough in decreasing the huge labour surplus.

Young people behaviour in searching the job is in favour of using informal networks among family members and friends. However there are some positive signs of using more professional ways for approaching to employer. On another side there is a huge gap between employers and education institutions that are not developing together market friendly channels for meeting the mutual interest of young people employability. Life long learning concept in education and training is underdeveloped in Croatia and this is almost empty field for future institutional changes for education institutions and employers.

4. YOUTH EMPLOYMENT POLICY

An active labour policy measures in Croatia have been implemented from 1992 but they were not consistent and with lots of changes because of significant financial and institutional constraints. From 1998 various active labour market policies have been implemented and they include: upgrading the functioning of the Croatian Employment Service; organizing educational programs and financing a part of the labour cost of particular categories such are young people (up to 30) without working experience and on-the-job training for all ages; crediting and promoting self-employment; crediting small and medium enterprises; public work; and dealing with redundancies (Crnković-Vujčić, 1998:67-70). In February 1998 the Croatian Parliament accepted the National employment policy and Employment incentive measures because of high level of long-term registered unemployment, high share of young people without working experience, high number of unemployed war veterans, inadequate qualification structures and low level of skills (Babić, 2003:557). According to Babić (2003:557) from the July 1998 until the February 2000 all together 18226 persons were included in active labour market programme and almost the half of them more in the period from October to December 2001. In following section it will be described the period from 2002 and ahead.

4.1. Developments in labour market policies especially those directed at youth employment in Croatia

High level of unemployment in Croatia forced current government at the beginning of 2002 to lunch Employment Stimulation Programme, actually to develop active labour market measures (ALMP). ALMP includes various measures with the main goal of achieving labour market flexibility as well as efficient matching on regional base or among certain occupations and industries. Measures should be carefully designed in order to target needs in each specific group who are most exposed to the risk of unemployment and poverty (long-term unemployment, women, young people, disabled people and those with low level of education and skills).

Thus the government has designed six measures (A – F) that are focused on employment subsidies. Two measures, A "From Faculty to Employment" and B "From Classroom to Workshop", are directly targeted to young people. Measure A applies to young person (up to 27) with high level of education from the employment service register that have not completed the probation period required for particular job. Measure B applies to skilled and highly skilled young persons with no working experience who are registered with CES for at least six months (CES, 2003). Along with these two measures we can also include measure C1 that stimulates the employment of people up to 30 years with work experience of up to 6 months in their professions or up to 12 months outside their professions. People who could be beneficiaries of measures A or B are excluded from the target group for measure C1. The negative aspects of ALMP measures are that 95% of all unemployed are suitable candidates for one of the programmes (Babić: 2003:564). Babić has also found that those specific measures, which were targeting young people, have not been successful according to the dead weight and to ratio between planned and realized. He concluded that ALMP have to be tailored differently and more fine-tuned toward the specific group in order to achieve positive effects and recommended better monitoring and systematic evaluation of ALMP generally.

Total public expenditure for ALMP up to 2000 has been cut on the level of 0,24% of GDP (Table 15).

Table 15. Structure of public expenditure on active labour market programmes in Croatia from 1997 – 2000 (in % of total)

	Education activity and on the job training	Public work	Self-employment	Wage subsidies	Job searching assistance	Total (%GDP)
1997	0.0	0.0	0.0.	54.5	45.6	0.16
1998	0.0	4.1	7.0	22.6	66.3	0.12
1999	3.0	3.4	49.5	18.9	25.1	0.41
2000	0.7	3.8	14.9	44.0	36.6	0.27
Average	0.9	2.8	17.9	35.0	43.4	0.24

Source: Šošić and Cvitković (2002)

The total expenditure of ALMP measures as percentage in GDP in Croatia was not significantly different from some transition countries such are Hungary (0,43%), Poland (0,32%) and Czech Republic (0,14%) but its structures did (Šošić-Cvitković, 2002:18). According to the structure of public expenditure in Croatia the main emphasis was on wage subsidies (35.0% in average), job searching assistance (43.4 in average) and stimulating self-employment (17.9% in average) while in other transition countries, mentioned above, various training programmes, job searching assistance and public work were dominating (Šošić-Cvitković, 2002:18). Public expenditure for 2003 remained similar as previously on the level of 0,28% of GDP.

4.2. Assessment of effectiveness of labour market policies

Effectiveness of active labour market policies can be increased if every individual active policy measure is properly designed and focused at the right target group. Effective policy implementation and development requires appropriate monitoring and evaluation. It is difficult to measure efficiency of ALMP programmes in Croatia mostly because of not enough reliable data due to inconsistent time-series and various changes within the programme.

One of indicators of implemented measures is the number of received requests for subsidies. From the beginning of measures implementation until the end of 2004 there were submitted 59911 requests for all types of measures from which were accepted within the measure A 5063 persons, measure B 1668 persons and measure C1 6446 persons (CES, 2004).

The next indicator is the number of employed people according to each ALMP programme. Total number of employed from the beginning of implementation ALPM programmes until the end of 2004 equals 65886 persons. The data of total and subsidised employment in period from March 2002 until the end of 2003 are shown in the table 16.

Table 16. Total and subsidised employment according to target groups from March 2002 until the end of 2003

Target group	A	B	C	D	E	F
Total employed from CES	8216*	13986	192266*	11204	9755	22977
Employed with measures	2979	1032	29486	3206	136	5190
Ratio (%)	36,6	7,4	15,3	28,6	1,4	22,6

* CES estimation for the higher educated group until the age 27 years.

Source: HZZ (2004)

Measure A has the highest ratio of (36,6%) while measure C has a bit smaller ratio (15,3%) and the measure B has the lowest (7,4%). Unfortunately the data for the measure C1 are not available separately only in total numbers for the whole measure C equals C1+C2. However, for evaluating the relative efficiency of specific measure we need to calculate and evaluate the dead weight (Table 17).

Table 17. Total and subsidised employment according to the ALMP measures targeted to young people

	01.03. - 31.12.2002			01.01. - 31.12.2003			
Measure	A	B	C	A*	A**	B	C
Unemployed at the end of year[1]	3736	19177	220763	3166	3166	18018	194234
Total employed from CES	4306	7322	91806	3910	4842	6664	100460*
Employed with measures	**1220**	**490**	**11649**	**1759**	**1759**	**542**	**17837**
Employed without measures	3086	6832	80157	2151	3083	6122	82623
Share of employed with measures in total employment (%)	**28**	**7**	**13**	**45**	**36**	**8**	**18**
Employment rate of target group with measures	115	38	42	123	153	37	52
Employment rate of target group without measures (dead weight)	83	36	36	68	97	34	43
Dead weight expressed as number of employed	1008	175	4230	1195	1713	184	7587
Net effect of employment for target group (%)	**4,9**	**4,3**	**8,1**	**14,4**	**1,0**	**5,4**	**10,2**

[1] Unemployed person at the end of 2001 for the period 1.03 – 31.12.2002
Unemployed persons at the end of 2002 for the period 1.01 – 31.12.2003
A* CES estimation for administrative employment for the higher educated people until up to 27 years
A** Administrative employment for the higher educated people up to 29 years

Source: CES (2004); Babić calculation for 2002, (2003); Authors calculation for 2003.

In the first year of ALMP implementation measure B had the lowest ratio of total and subsidised employment as well as relative net effect of employment. However, this measure attends to stimulate young people that have large share in total unemployment. The problem is that employers prefer to employ persons with work experience due to specific job requirements within the occupation. Comparison between the measure A and B shows that measure B have smaller dead weight what implies better effectiveness. Measure A is targeted to young educated individuals who comprise around 1% of the registered unemployment

(CES, 2004) and are in advantage position in the labour market. As expected the dead weight of measure A is high and consequently the net effect to employment is small (4,9%).

In the next year of ALMP implementation dead weight for measure B (34%) was smaller and the net effect was higher (5,4%) but there were no significant overall changes. However, measure A recorded stronger change in net effect of 14,4% and measure C modest increase of 10,2%. The result for the measure A is based on CES estimation for administrative employment for the targeted group up to 27 years and should be taken with a conscious. Using more reliable data for the group up to 29 years old people research result is very much different and the net effect of the measure A was only 1% and the dead weight was 97% but again the result is not precise because people with 28 and 29 years old could not compete for this measure, because the measure was tailored for young people up to 27 years old. The problem is caused because statistical scope of CES in different years.

4.3. Identification of the main weaknesses in policy so far as the labour challenges facing young people are concerned

The aim of active labour market measures is to increase employment of particular groups that are most exposed to the risk of unemployment and poverty. The effectiveness of ALMP measures depends on the ability to match the labour demand of certain characteristics and the available labour supply. Young people without qualification and low levels of education are most likely to be disadvantage in the labour market.

ALMP measures in Croatia, which started in year 2002, include three from six measures focusing on youth employment subsidies. These measures, however, have not produced expected result in terms of effectiveness. The dead weight of these measures is high and net effect of employment is small in comparison with some other measures targeted to specific adult groups (for example measures D and F). Most probably we can conclude that the designed of ALMP measures is questionable due to deeply reliance on subsidies which do not improve skills of the unemployed as well as the fact that there is no clear target group in terms of disadvantages. In fact whole group of higher educated young people, no matter on any other criteria, such is gender, or unemployment duration and etc., is accepted as "disadvantage" group. Government intervention with the measure A targeted to young higher educated people was mismatched with the goal and the purpose of subsiding. There is no market failure with young higher educated people on the labour market as a reason for government intervention. Business sector do not need government subsidy to absorb new well

educated generation, especially those with best results from universities and overall CV records. There was and it is still surplus of young adults in comparison with labour demand but certainly this is not "disadvantage" for government intervention.

We can observed that the measure C which was subsiding additional training and education necessary for employers obtained the best results. Measure B had lower results because the target was whole group of young people from vocational schools entering first time to job market. This means that government financed two times the same person. Once through the state vocational school and second time their appearance at the job market with skills and knowledge that have received previously in the same state financed school. Logically it was not possible to obtain more effective policy implementation for measures A and B because measures focus and design were inequitable.

5. CONCLUSIONS

Croatia has little bit more than half of million young people (age 15-24), what is around 13% of whole population, and this number is decreasing due to negative natural increase. In the cohort of young people labour force, which enhances around 200 thousand persons, 38% is active and the rest is inactive. Activity rates are low and steadily falling in the period of last eight years and inactivity rates are steadily increasing, respectively. Economic participation rates are floating around 24% in employment and decreasing from 41% to 35% in unemployment in last three years. In comparison with EU (old) countries youth employment rate is similar to Italy (26%), Greece (27%) and Belgium (29%), but it is seriously lower than EU average (41%). In comparison with EU (new) comers and new accession countries Croatian youth employment rate is higher only than Bulgaria, Poland and Lithuania. Croatian educational employment pattern is in favour of young people with higher education level and is following common structure in EU countries.

Youth unemployment rates are recently decreasing as well as ratio of youth and adult unemployment. In comparison with EU (old) countries Croatia has the highest rate of youth unemployment, which is double than EU average (15,0%). In comparison with EU (new) comers and new accession countries Croatia has second highest position after Poland. Long-term unemployment is also present among young population but on the lower level than among adults. Nevertheless, in comparison with EU (old) countries Croatia has better results than Italy but all three, together with Greece, are far away from EU average.

Youth employment rates in Croatia are following decreasing trend of total employment rate in last decade. There is modest sign of recovery in last three years but the overall youth employment rate is largely legging behind the EU average. Therefore, the main problem of youth employment in Croatia is the rate itself which is one of the lowest in the region. Gender employment pattern is following most developed countries within the EU.

Youth flows of unemployment to employment and unemployment to inactivity show that almost 38000 young persons have been removed from register because of non-employment reasons. Among them almost 86 per cent is not actively seeking the job what potentially present their involvement in unofficial economy. The main reason of stopping to work for teenager group is the entrance in education or temporary job contract and for young adults the main reason is the nature of temporary job contract. In comparison with EU countries part-time job type is not developed as it is on the contrary temporary job type over exaggerated.

The most propulsive industries for youth employment are manufacturing and trade together with construction industries. Equally, craft sector is another very important channel for youth employment as well as it is also self employment opportunities. From the occupation analyses we can most likely pointed that occupation unemployed structure is the mirror of missing flexibility and adjustment of education system and missing flexibility and adjustment of job seekers themselves. Of course it should be underlining that labour demand side is the main vehicle and its stagnant nature can not contribute enough in decreasing the huge labour supply surplus.

Young people behaviour in searching the job is in favour of using informal networks among family members and friends. However there are some positive signs of using more professional ways for approaching to employer. On another side there is a huge gap between employers and education institutions that are not developing together market friendly channels for meeting the mutual interest of young people employability. Life long learning concept in education and training is underdeveloped in Croatia and this is almost empty field for future institutional changes for education institutions and employers.

Active labour market policies measures in Croatia, which started in year 2002, include three from six measures focused on youth employment subsidies. These measures, however, have not produced expected result in terms of effectiveness. The dead weight of these measures is high and net effect of employment is small in comparison with some other measures targeted to specific adult groups. Most probably we can notice that the design of

ALMP measures is questionable due to deeply reliance on subsidies which do not improve skills of the unemployed as well as the fact that there is no clear target group in terms of disadvantages. In fact whole group of higher educated young people, no matter on any other criteria, such is gender, or unemployment duration, is accepted as "disadvantage" group. Especially government intervention with the measure A, targeted to young higher educated people, was mismatched with the goal and the purpose of subsiding. There is no market failure with young higher educated people on the labour market as a reason for government intervention. Business sector do not need government subsidy to absorb new educated generation, especially those with best results from universities and overall CV records. In contrary measure C which was subsiding additional training and education necessary for employers obtained the best results. Measure B had lower results because the target was again the whole group of young people from vocational schools entering first time in job market. This means that government financed two times the same person. Once through the state vocational school and second time their appearance at the job market with skills and knowledge that have received previously in the same state financed school. Logically it was not possible to obtain more effective policy implementation for measures A and B because measures focus and design were inequitable.

ALMP measures for young people should be finer tuned toward special criteria such is long unemployment duration or retraining possibility or disabilities or other similar disadvantages. Government should not use ALMP measures to bridge the problem of flexibility absence in education system. Moreover government should undertake seriously efficient restructuring of education system. Instead of financing employers for the whole group of higher educated young people government can influence changes in employer's behaviour through establishing institutional support for quality selection in recruitment process.

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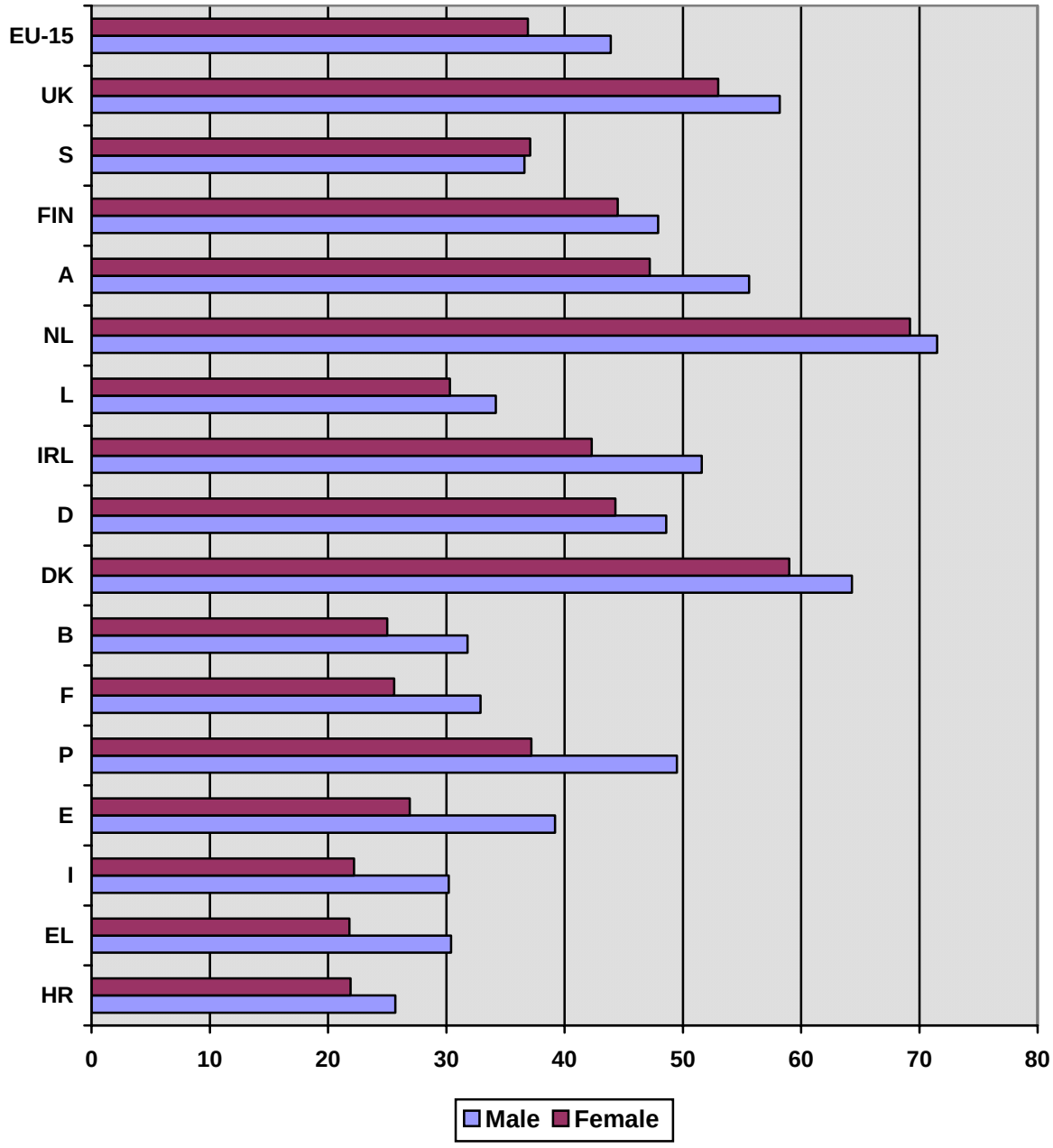
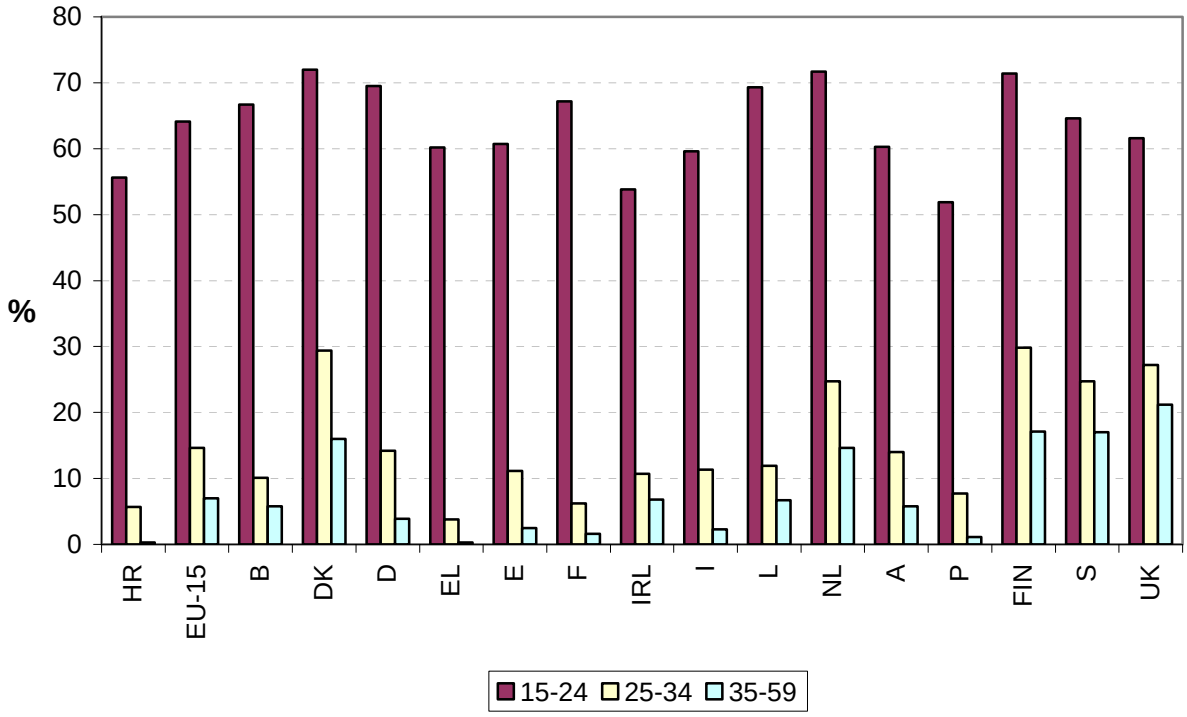
Appendix figures

Appendix figure 1. Employment rates according to the age (15-24) and gender, comparison with EU (2001.)



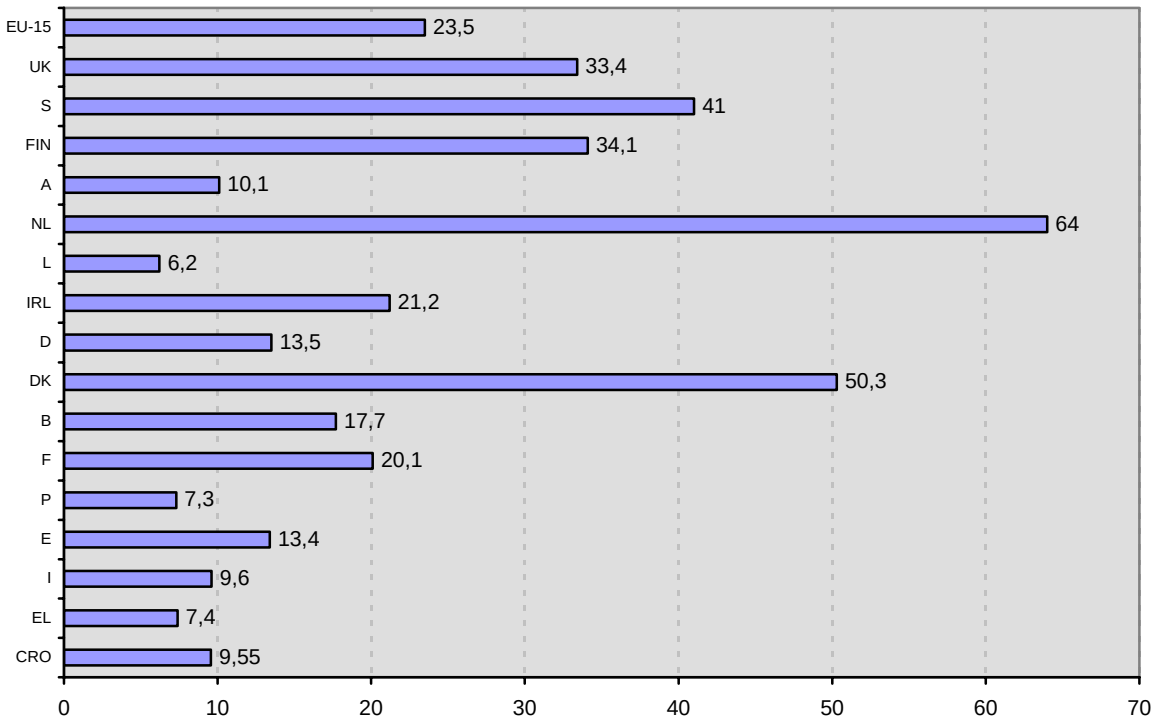
Source: CES, Statistical Annex, NEAP Volume 3, pp.36

Appendix figure 2: Persons in education by age in EU countries and Croatia, 2002.



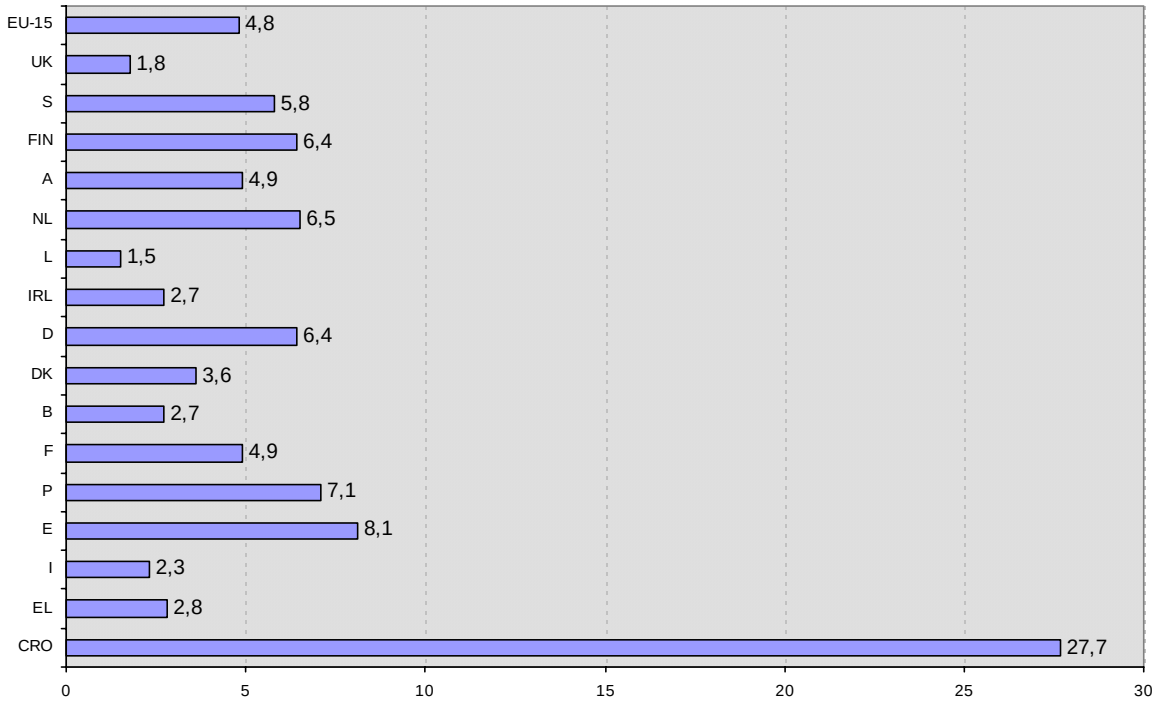
Source: Labour Force Survey Results Croatia 2002 – Europe 2002, Statistical Reports, Central Bureau of Statistics, Zagreb, 2003

Appendix figure 3. Part time employment as percentage of total employment, 2002



Source: Labour Force Survey Results Croatia 2002 – Europe 2002, Statistical Reports, Central Bureau of Statistics, Zagreb, 2003

Appendix figure 4. Temporary employment as percentage of total employment, 2003



Source: Labour Force Survey Results Croatia 2002 – Europe 2002, Statistical Reports, Central Bureau of Statistics, Zagreb, 2003

Appendix Tables

Appendix table 1. Population by age group in Croatia between 2000 and 2003

	2000		2001		2002		2003	
	In thousands	%	In thousands	%	In thousands	%	In thousands	%
0 – 14	703	16,2	684	16,3	696	16,5	660	15,6
15 – 24	599	13,8	562	13,4	565	13,4	563	13,3
25 – 49	1476	33,9	1399	33,3	1437	34,0	1404	33,2
50 – 64	847	19,4	788	18,8	787	18,6	822	19,4
65 +	726	16,7	765	18,2	738	17,5	780	18,5
Total	4351	100	4198	100	4232	100	4228	100

Source: Labour Force Survey Results Croatia 2000-2003, Statistical Reports, Central Bureau of Statistics, Zagreb

Appendix table 2. Population by age in education in Croatia in 2nd half-year of 2003

%

	Total	Males	Females
15 years	96,8	97,4	96,1
16 years	98,7	97,3	100,0
17 years	92,3	92,6	92,0
18 years	66,0	61,5	70,7
19 years	48,0	40,6	56,8
20 years	45,3	42,2	48,9
21 years	43,0	36,9	50,5
22 years	34,0	24,9	43,7
23 years	32,8	34,2	31,3
24 years	27,8	24,6	31,1
15 – 24 years	58,1	54,0	62,5
25 – 34 years	4,9	4,4	5,3
35 – 59 years	0,3	.	.

Source: Labour Force Survey Results Croatia 2003, Statistical Reports, Central Bureau of Statistics, Zagreb, 2004

Appendix table 3. Youth employment rates according to finished school and educational level in Croatia (2001 – 2003)

%

	2000	2001	2002	2003
Primary school and lower	14,4	10,3	7,0	8,0
Secondary school	55,6	32,0	36,9	33,9
Higher educational level	78,7	53,6	56,0	58,0

Source: Labour Force Survey Results Croatia 2003, Statistical Reports, and Central Bureau of Statistics, Zagreb, 2004

Appendix table 4. Entries to and exits from unemployment according to the age, 2003

%

Age group	Entries	Exits	Unemployed
15 – 19	13,0	8,4	6,3
20 – 24	23,8	25,0	15,3
25 – 29	17,4	18,4	12,8
30 – 34	11,2	12,2	11,1
35 – 39	9,9	10,6	11,6
40 – 44	8,7	9,0	11,5
45 – 49	7,8	7,5	12,7
50 – 54	5,5	5,3	11,4
55 – 59	2,2	2,5	5,8
60+	0,4	1,0	11,6
TOTAL	100	100	100

Source: Croatian Employment Service, NAPZ 2004, Volume 3, p.82

Appendix table 5. Exits from unemployment according to reasons and age, 2003

%

Age group	Employed	Removed from other reasons	Total exits
15 – 19	7,6	9,3	8,4
20 – 24	27,1	22,8	25,0
25 – 29	20,6	16,1	18,4
30 – 34	12,6	11,7	12,2
35 – 39	10,8	10,4	10,6
40 – 44	8,8	9,1	9,0
45 – 49	6,9	8,3	7,5
50 – 54	4,0	6,7	5,3
55 – 59	1,3	3,8	2,5
60+	0,2	1,9	1,0
TOTAL	100	100	100

Source: Croatian Employment Service, NAPZ 2004, Volume 3, p.82

Appendix table 6. Flows from unemployment to employment according to the unemployment duration, 2003

Age group	> 6 months	6 months - 1 year	1 - 2 year	2 - 5 year	5 + years	TOTAL
15 – 19	5138	2139	743	104	0	8124
20 – 24	19674	7946	5784	3498	202	37104
25 – 29	15628	5602	3948	2872	816	28816
30 – 34	8648	3443	2659	2217	662	17629
35 – 39	6962	2905	2552	1924	675	15014
40 – 44	5745	2452	1925	1717	576	12415
45 – 49	4247	2072	1542	1412	445	9718
50 – 54	2400	1246	897	917	295	5755
55 – 59	725	436	286	399	137	1983
60+	115	62	54	63	34	328
TOTAL	69282	28303	20390	15123	3842	136940

Source: Croatian Employment Service, NAPZ 2004, Volume 3, p.91

Appendix table 7. Flows from unemployment to inactivity, 2003

Age group	> 6 months	6 months - 1 year	1 - 2 year	2 - 5 year	5 + years	TOTAL
15 – 19	5460	2349	1284	197	0	9290
20 – 24	13239	5861	5429	3835	299	28663
25 – 29	7994	3955	3676	3330	1103	20058
30 – 34	4587	2543	3175	2944	1270	14519
35 - 39	3536	1968	3016	2805	1480	12805
40 - 44	2876	1523	2569	2739	1465	11172
45 - 49	2406	1253	2413	2617	1486	10175
50 - 54	1728	987	1890	2353	1245	8203
55 - 59	816	559	1040	1429	8879	4733
60+	269	217	486	747	702	2421
TOTAL	42911	21215	24978	22996	9939	122038

Source: Croatian Employment Service, NAPZ 2004, Volume 3, p.91

Appendix table 8. Employed persons by the age and job type (administrative data), 2004.

	Total number of employed	Part-time employment		Season employment	
15 – 19	12033	18	0,15%	1784	14,83%
20 – 24	36229	150	0,41%	5752	15,88%
25 – 29	28249	351	1,24%	3800	13,45%
30 – 59	61805	409	0,66%	13226	21,40%
60+	264	2	0,75%	80	30,3%

Source: Croatian Employment Service